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For Immediate Release:

City of San Bruno Calls for \$3.85 Billion Penalty Against PG&E for San Bruno Blast and Fire

San Francisco—The City of San Bruno today filed its legal arguments with the California Public Utilities Commission to levy the maximum financial pre-tax fine and penalty of \$3.85 billion against Pacific Gas & Electric Co. for its gross negligence that caused the largest natural gas disaster in U.S. history on Sept. 9, 2010.

San Bruno's filing is in response to the CPUC safety division's proposed penalty of \$2.25 billion, which was announced with much fanfare in May, but has since been revealed to provide huge credits and significant tax benefit rewards to PG&E.

All the CPUC safety division attorneys refused to sign the CPUC's \$2.25 billion penalty recommendation of Jack Hagan, director of the CPUC's safety division, and this week all resigned in protest over what one of them called Hagan's "unlawful" proposal that was "contrary to what our team had worked to accomplish in the last two and a half years."

"PG&E should be forced to pay the maximum for its systematic safety failures that caused the 2010 explosion and fire, which took the lives of eight citizens of our city, injured countless more, destroyed 38 homes, and left a hole in the heart of San Bruno," said Mayor Jim Ruane.

"We challenge the CPUC to not let PG&E off the hook for this devastating and entirely avoidable man-made disaster," Ruane said. "The state and the nation are watching whether the CPUC, the agency tasked with protecting public safety, is capable of carrying out its duty."

Given the scope and magnitude of PG&E's misconduct, San Bruno is calling on PG&E to absorb the maximum financial consequences that the CPUC safety division experts determined it can bear. To avoid giving PG&E the benefit of significant state and federal tax breaks, San Bruno's legal filing calls for PG&E to be penalized \$2.45 billion in after-tax dollars – a total of \$3.8 billion –with no credits for past expenses.

San Bruno also demanded the CPUC direct PG&E to adopt and fund a series of remedial measures to ensure systemic regulatory change in the future. These include \$5 million per year for a "California Pipeline Safety Trust," and an Independent Monitor to make sure PG&E follows its own safety plan in the face of possible lax enforcement, and the installation of lifesaving Automated Shutoff Valves.

This week's filing comes on the heels of significant turmoil at the CPUC after the resignation of the CPUC's safety division attorneys who worked on the case since the beginning of the CPUC process, leaving no CPUC legal experts with detailed knowledge of the case during the final penalty phase against PG&E.

Ruane said the resignations of the CPUC's safety division attorneys underscore the Commission's ongoing illegal and unethical actions. He called for an immediate investigation by the California Attorney General and the State Legislature to restore transparency and fairness.

Robert Cagen, one of the attorneys who resigned, told the media that he could not continue working on the San Bruno penalty briefs after concluding that the CPUC safety division's recommendations were unlawful and contrary to what his team had worked to accomplish in the last two and a half years.

Unlike a traditional "fine," which is not tax deductible and is to be paid to the State of California, the CPUC's so-called penalty is 100 percent tax-deductible and would be reduced to \$1.3 billion after taxes, meaning state taxpayers will lose--not gain--tax revenues as a result. PG&E would also be allowed to reduce its penalty by amounts already spent to date on safety improvements since 2010, resulting in the overall penalty falling by another \$900 million.

Ruane said if the CPUC's five-member commission adopts the CPUC recommendation, PG&E would literally walk away from this man-made disaster without consequence.

"Nearly three years after this devastating tragedy, the only way to prevent future accidents is by penalizing PG&E to the maximum," Ruane said. "The only way to ensure PG&E will finally take public safety seriously is to hurt them in the only place they have any feeling—their wallet."